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SOURCE Newspapers as indicated.

CCP ESTABLISHES NATIONAL TREASURY, VARIOUS TRADE TREASURIES

ADMINISTRATION COUNCIL REGULATES NATIONAL TREASURY -- New York Hua-ch'iao
Jih Pao, 18 Mar 50

Peiping, 9 March (Hsin-hua) -- At the 22d session of the Administration Council of the Central People's government, the following directive was passed concerning the National Treasury:

1. The Central People's government, to unify receipts and disbursements for the nation, has established a central treasury, to be known as the National Treasury.
2. There shall also be established regional administrative district treasuries, provincial and municipal subtreasuries, hsien branch treasuries, and collection offices at suitable places.
3. The Central People's Bank shall be the agent of the treasuries on all levels, and the directors of the treasuries on the various levels shall be the president of the People's Bank on the corresponding level, serving concurrently. In places where there is no People's Bank, a treasury unit may be set up under the control of the bank and treasury on the next higher level.
4. All receipts of all government agencies shall be turned into the treasury branch on the same level within the previously specified time after collection. Except in especially designated cases, no collected funds may be disbursed to treasury branches or to a lower level to hold.
5. The authority to distribute treasury funds rests with the Ministry of Finance of the Central People's government. National treasury officials have no authority to disburse treasury funds except upon orders of the Ministry of Finance. No regional administrative district treasury, subtreasury, or branch treasury may disburse any funds to any agency except on instructions from the National Treasury.

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6. All transfers of funds among the various subordinate treasuries shall be controlled by the National Treasury.

7. Executive authorities on the various levels shall exercise supervisory and investigate authority over the treasury agency on their level, but have no authority to disburse funds.

8. In case a tax-collection agency on the same level fails to turn in the collected funds promptly, the treasury on that level has the authority to investigate and request payment. Should such action fail to get results, a report should be made to the treasury on the next higher level and to the central Ministry of Finance.

9. Treasury receipts and disbursements shall be in people's currency. Should any collection agency take in gold, silver, or foreign currencies, they should be exchanged at the People's Bank for people's currency.

10. Each treasury shall render a true account of receipts and disbursements at specified times, itemized as specified, to the treasury on the next higher level. The National Treasury shall make general periodic reports to the Ministry of Finance.

11. Detailed instructions for the implementation of these regulations shall be issued by the Ministry of Finance in separate regulations.

12. These regulations shall be in effect from the date of their publication.

TRADE TREASURIES OPEN -- Canton Nan-fang Jih-pao, 18 Mar 50

Pei-p'ing, 16 March (Hsin-hua) -- The opening of trade treasuries (mao-i chin-k'u) on 7 March 1950 has already had visible effects on vital financial and economic functions. Weak points anticipated in the initial phases have arisen, but they will gradually be eliminated. Trade treasuries were opened on 7 March 1950 in the Peiping, Tientsin, Shanghai, Hankow, Pao-ting, Shih-chia-chuang, Yao-shan, Kalgan, Tsinan, Ch'ang-sha, and K'ai-feng districts. By 14 March 1950, 190 billion yuan had been deposited in trade treasuries in addition to allotments from the Ministry of Trade. The Ministry of Trade has released 50 billion yuan of this to the National Treasury for clearance purposes.

Benefits

One of the most conspicuous effects of the new system is the constant ability of the central Ministry of Trade to control its cash resources now and put them to active use. During these past 10 days, cash allotments have been concentrated on foodstuffs, cotton yarn, and cloth, the need in those areas being most urgent in terms of the over-all situation. Before the establishment of trade treasuries, however, this cash had been widely dispersed among the various monopoly corporations and their branches. Active planning was impossible under such conditions. Previously, the only way the Ministry of Trade could meet the relatively urgent demand for such products as foodstuffs, cotton yarn, and cloth was by overdrawing its bank accounts, which necessarily led to increased issuance of currency. Further, when the monopolies invested this cash freely in the market, the general result was confusion. With the establishment of trade treasuries, this confusion has been eliminated.

Judging from the trends, during the 10 days since the trade treasuries opened, cash has been deposited regularly in the trade treasuries by various firms and within the month the Ministry of Trade will be able to stop depending on funds from the Ministry of Finance to carry on its transactions. It will be able to conduct its activities successfully and carry out the financial responsibility of making clearing payments at the proper times.

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It was originally decided, prior to the February 1950 meeting of the National Finance Conference, that the Ministry of Trade, during March, could draw from the Ministry of Finance a sum equivalent to 200 million catties of millet. But, later on, the National Finance Conference decided that this expenditure should stop temporarily to cut down on the National Treasury expenditures. Thus, it is evident that the trade-treasury system has great significance in balancing the national ledger. Another advantage of the trade-treasury system is that it enables the monopoly corporations to make more accurate and realistic plans in matters of business and finance than they could under the old free-enterprise system.

Some Weak Points

One evident weakness arose when trade corporations, in revising their plans, overexpanded their cash requirements and cut down their clearing-payment figures, to maintain a margin for operations. For example, when the North China Hides and Fur Corporation revised its estimates, the cash requirement was expanded to 260 percent of the original. All companies have been eagerly pressing units on the next higher level to pay cash, but the amounts they deposit in the trade treasury are insufficient to meet this expenditure. Responsible people in these firms fail to grasp the point that, unless all firms everywhere actively clear their cash accounts and increase the amount deposited in trade treasuries, then the Central Ministry of Trade will be unable to pay out sufficient cash at the proper time. As a consequence, it is essential that the cadres in all trade organizations perceive the vital importance of strict surveillance and strengthened control.

Another weak point is that some local banks are somewhat lax in the procedure of forwarding reports up through channels, with the result that the Ministry of Trade cannot utilize trade-treasury cash deposits in local banks as they are needed and capital falls short of demand. Besides, daily banking hours are brief and banks are not open for business on Sunday, making it impossible to deposit cash at the proper time. These and other problems are to be studied by the Ministry of Trade and the People's Bank.

TRADE TREASURIES IN PEIPING, TIENTSIN, SHANGHAI, WU-HAN -- Hong Kong Wen-hui-pao, 10 Mar 50

The Ministry of Trade of the Central People's government is putting into practice that portion of the Administration Council's decision to centralize the nation's financial and economic facilities which requires all public trade organizations under the Central Ministry of Trade to deposit their day's cash receipts in the National Treasury every day. The People's Bank of China and the Ministry of Trade have concluded a joint agreement whereby the People's Bank of China will act as agent for the trade treasuries. The Ministry of Trade, in conjunction with the People's Bank, has announced the joint order effecting the trade-treasury agreements, and has decided that trade treasuries should be established first in the Peiping, Tientsin, Shanghai, and Wu-Han areas. On 3 March 1950, the Ministry of Trade sent Wang Wen-po (Ueda: 7262, 4321, 6086), chief of its Foreign Trade Office, and Chou K'ang-min (1235, 2962, 5935), manager of the Central Office of the China Foodstuffs Corporation (chung-kuo liang-shih tsung-kung-ssu), to Shanghai and the Wu-Han area, respectively, to transmit instructions, make preparations, and supervise the process of establishing the trade treasuries.

The trade treasuries in Peiping and Tientsin were set up on 7 March 1950. On the evening of 6 March 1950, all the various monopoly corporations in Peiping and Tientsin deposited their accumulated funds in the treasuries. Data announced by the Finance Office of the Central Ministry of Trade, on 7 March 1950, indicate that cash was received, in compliance with the Ministry of Trade's order, as follows:

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On 6 March 1950, the various monopoly corporations in Peiping deposited cash totaling 7,576,000,000 yuan in the trade treasury (and arrangements are now being made to deposit an additional 3,537,000,000 yuan); various monopoly corporations in Tientsin deposited cash totaling 54 billion yuan. On 7 March 1950, the Peiping treasury disbursed 7 billion yuan cash, and Tientsin disbursed 35 billion yuan cash, leaving a balance of 19,576,000,000 yuan. According to its financial plans, the Ministry of Trade is preparing to deposit this balance in the National Treasury.

The circumstances surrounding the deposits of cash in the trade treasuries on 6 March and 7 March 1950, by the various monopoly corporations in Peiping and Tientsin, demonstrate clearly that the method established by the Administration Council to centralize the nation's financial and economic facilities is actually feasible. At the same time, however, these circumstances also reveal serious past defects in business and financial planning on the part of the various national monopoly corporations.

Formerly, each monopoly corporation had controlled a certain amount of working cash. As a result, sufficient care was not exercised when the monopoly corporations made their business and financial estimates; consequently, the estimates never coincided completely with business as it was actually transacted. Now that each day's cash receipts are blocked in the trade treasury and cash must be obtained according to estimates from the Central Ministry of Trade, the various monopoly corporations are busily trying to rectify these past discrepancies between estimate and reality. The Ministry of Trade has decided that the March 1950 business and financial estimates of the various monopoly corporations in Peiping and Tientsin must be corrected and completed before 10 March 1950 and sent to the ministry to be examined.

The Ministry of Trade has also decided to call a meeting of the Commerce Office chiefs and the managers of the various monopoly corporations of Hopeh, Pingyuan, and Shansi provinces, at Shih-chia-chuang on 9 March 1950 and a similar meeting of corresponding personnel from Suiyuan and Chahar is to be held at Kalgan. The ministry will transmit instructions for the establishment of trade treasuries in the five North China provinces, on the basis of its experience in setting up the trade treasuries at Peiping and Tientsin.

TRADE TREASURIES IN CHAHAR, SUIYUAN -- Canton Nan-fang Jih-pao, 18 Mar 50

Peiping, 16 March (Hsin-hua) -- To enforce the Central People's government decision to centralize the nation's financial and economic functions, trade treasuries were established at Kalgan and Ta-t'ung, in Chahar, on 10 and 12 March 1950, respectively. All monopoly corporations in Kalgan have been making cash deposits at the trade treasuries since 10 March.

On 9 March 1950, Sha Ch'ien-li (Ueda: 6031, 987, 12372), Deputy Minister of Trade of the Central People's government, called together some 40 persons, including the chiefs of the provincial Commerce Offices of Chahar and Suiyuan and responsible cadre among public trade corporations to meet in Kalgan and discuss the establishment of trade treasuries. It was decided to set up branch (fen) trade treasuries at Kalgan and Ta-t'ung in Chahar and at Kuei-sui in Suiyuan, under the direct jurisdiction of the Central Trade Treasury. Since 11, 12, and 15 March, respectively, all public trade corporations in Kalgan, Ta-t'ung, and Kuei-sui have been required to deposit their day's cash receipts in the trade treasury every day. On 11 March, Kalgan corporations banked their first cash.

Since 12 March, the Kalgan trade treasury has been making a daily report to the central unit, in accordance with regulations. The various lower-level

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subsidiaries of branch trade corporations in Northern Chahar, Southern Chahar, and Northern Yen (Ueda: 12957) /Yen is presumed to be a section in the northern part of Shansi Province, on the Chahar border/ are required to deposit their daily cash receipts in a bank in their own area, and report such deposit to the branch trade treasury. In areas having no bank, deposits are to be sent to the branch trade treasury every 3 to 5 days. Each monopoly corporation must prepare a daily estimate of its required operational capital and expenses and present it to the Central Ministry of Trade for approval, before making expenditures.

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